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Attorneys for Defendant Blue Shield of California
Promise Health Plan f/k/a Care 1st Health Plan

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION

In re:

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., et al.,

Debtors and Debtors In Possession.

Affects:

- ☐ All Debtors
- ☐ Verity Health System of California, Inc.
- ☒ O'Connor Hospital
- ☒ Saint Louise Regional Hospital
- ☐ St. Francis Medical Center
- ☒ St. Vincent Medical Center
- ☒ Seton Medical Center
- ☐ O'Connor Hospital Foundation
- ☐ Saint Louise Regional Hospital Foundation
- ☐ St. Francis Medical Center of Lynwood
Foundation
- ☐ St. Vincent Foundation
- ☐ St. Vincent Dialysis Center, Inc.
- ☐ Seton Medical Center Foundation
- ☐ Verity Business Services
- ☐ Verity Medical Foundation
- ☐ Verity Holdings, LLC
- ☐ De Paul Ventures, LLC
- ☐ De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:
Case No.: 2:18-bk-20162-ER
Case No.: 2:18-bk-20163-ER
Case No.: 2:18-bk-20164-ER
Case No.: 2:18-bk-20165-ER
Case No.: 2:18-bk-20167-ER
Case No.: 2:18-bk-20168-ER
Case No.: 2:18-bk-20169-ER
Case No.: 2:18-bk-20171-ER
Case No.: 2:18-bk-20172-ER
Case No.: 2:18-bk-20173-ER
Case No.: 2:18-bk-20175-ER
Case No.: 2:18-bk-20176-ER
Case No.: 2:18-bk-20178-ER
Case No.: 2:18-bk-20179-ER
Case No.: 2:18-bk-20180-ER
Case No.: 2:18-bk-20181-ER

Chapter 11 Cases

Adv. No. 2:20-ap-01559-ER

**Request for Judicial Notice in Support of
Blue Shield of California Promise Health
Plan's Motion to:**

**(1) Dismiss Claims for Turnover,
Violation of the Automatic Stay and
Unjust Enrichment; and**

**(2) Compel Arbitration and Stay
Adversary Proceeding**

Hearing Information:

Date: November 24, 2020

Time: 11:00 a.m.

Courtroom: 1568

Address: 255 East Temple Street
Los Angeles, CA 90012

ST. VINCENT MEDICAL CENTER, a
California nonprofit public benefit corporation,
SETON MEDICAL CENTER, a California
nonprofit public benefit corporation,
O'CONNOR HOSPITAL, a California
nonprofit public benefit corporation, and
SAINT LOUISE REGIONAL HOSPITAL, a
California nonprofit public benefit corporation,

Plaintiffs,

v.

BLUE SHIELD OF CALIFORNIA PROMISE
HEALTH PLAN f/k/a CARE 1ST HEALTH
PLAN, a California corporation,

Defendant.

Pursuant to Federal Rule of Evidence 201, defendant Blue Shield of California Promise Health Plan f/k/a Care 1st Health Plan ("BSC Promise" or "Care 1st"), respectfully requests this Court take judicial notice of the following documents in connection with its concurrently-filed Motion to (1) Dismiss Claims for Turnover, Violation of the Automatic Stay and Unjust Enrichment, and (2) Compel Arbitration and Stay Adversary Proceeding, in the above-captioned adversary proceeding:

1. Demand for Arbitration dated May 20, 2016, made by debtor St. Francis Medical Center against Care 1st, attached hereto as **Exhibit 1**.

Dated: October 30, 2020

Respectfully submitted,

SNELL & WILMER L.L.P.

By: /s/ Michael B. Reynolds

Michael B. Reynolds

Andrew B. Still

Attorneys for Defendant Blue Shield of
California Promise Health Plan f/k/a Care
1st Health Plan

4824-8597-0640.1

Exhibit 1

COMMERCIAL ARBITRATION
 RULES
 DEMAND FOR ARBITRATION

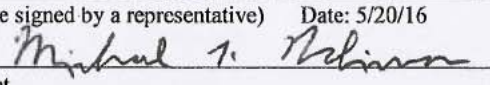
MEDIATION: If you would like the AAA to contact the other parties and attempt to arrange a mediation, please check this box. There is no additional administrative fee for this service. <input type="checkbox"/>					
Name of Respondent Care 1 st Health Plan			Name of Representative (if known) Alan Bloom, Esq.		
Address 601 Potrero Grande Drive			Name of Firm (if applicable) Care 1st Health Plan		
			Representative's Address 601 Potrero Grande Drive		
City Monterey Park	State CA	Zip Code 91755	City Monterey Park	State CA	Zip Code 91755
Phone No. 323-889-5288		Fax No. 323-889-6264	Phone No. 323-889-5288		Fax No. 323-889-6264
Email Address: ABloom@Care1st.com			Email Address: ABloom@Care1st.com		
The named claimant, a party to an arbitration agreement dated <u>01/01/2001</u> , which provides for arbitration under the Commercial Arbitration Rules of the American Arbitration Association, hereby demands arbitration.					
THE NATURE OF THE DISPUTE The claims identified on the attached Exhibit 1 have been improperly denied and inappropriately underpaid pursuant to the agreement which exists between the petitioner and the respondent. Care 1 st Health Plan owes St. Francis Medical Center a principal sum of <u>\$179,827.26</u> . Interest has yet to be paid on these claims pursuant to California Health and Safety Code section 1371.35.					
Dollar Amount of Claim \$179,827.26			Other Relief Sought: <input checked="" type="checkbox"/> Attorneys Fees <input checked="" type="checkbox"/> Interest <input type="checkbox"/> Arbitration Costs <input type="checkbox"/> Punitive/ Exemplary <input type="checkbox"/> Other _____		
Amount Enclosed <u>\$2,650.00</u> In accordance with Fee Schedule: Flexible Fee Schedule <input checked="" type="checkbox"/> Standard Fee Schedule					
PLEASE DESCRIBE APPROPRIATE QUALIFICATIONS FOR ARBITRATOR(S) TO BE APPOINTED TO HEAR THIS DISPUTE: REASONED DECISION, RETIRED JUDGES					
Hearing locale <u>Los Angeles, California</u> (check one) Requested by Claimant <input checked="" type="checkbox"/> Locale provision included in the contract					
Estimated time needed for hearings overall: _____ hours or <u>4</u> days			Type of Business: Claimant <u>HOSPITAL</u> Respondent <u>HEALTH PLAN</u>		
Is this a dispute between a business and a consumer? Yes <input checked="" type="checkbox"/> No Does this dispute arise out of an employment relationship? Yes <input checked="" type="checkbox"/> No					
If this dispute arises out of an employment relationship, what was/is the employee's annual wage range? Note: This question is required by California law. Less than \$100,000 \$100,000 - \$250,000 Over \$250,000					
You are hereby notified that a copy of our arbitration agreement and this demand are being filed with the American Arbitration Association with a request that it commence administration of the arbitration. The AAA will provide notice of your opportunity to file an answering statement.					
Signature (may be signed by a representative) Date: 5/20/16 			Name of Representative Michael S. Robinson, Esq.		
Name of Claimant St. Francis Medical Center			Name of Firm (if applicable) LAW OFFICES OF STEPHENSON, ACQUISTO & COLMAN, INC.		
Address (to be used in connection with this case) 303 N. Glenoaks Blvd., Suite 700			Representative's Address 303 N. Glenoaks Blvd., Suite 700		
City Burbank	State CA	Zip Code 91502	City Burbank	State CA	Zip Code 91502
Phone No. 818-559-4477		Fax No. 818-559-5484	Phone No. 818-559-4477		Fax No. 818-559-5484
Email Address: mrobinson@sacfirm.com			Email Address: mrobinson@sacfirm.com		
To begin proceedings, please send a copy of this Demand and the Arbitration Agreement, along with the filing fee as provided for in the Rules, to: American Arbitration Association, Case Filing Services, 1101 Laurel Oak Road, Suite 100, Voorhees, NJ 08043. Send the original Demand to the Respondent.					
Please visit our website at www.adr.org if you would like to file this case online. AAA Case Filing Services can be reached at 877-495-4185.					

EXHIBIT 1

St. Francis Medical Center v. Care1st
Exhibit 1

FC 13247

No.	FILE NO	LAST NAME	FIRST NAME	ADMISSION	DISCHARGE	PATIENT ID	TOTAL CHARGES	EXPECTED	PAID	UNDERPAID	ISSUE
1	000061161212			11/6/2014	11/13/2014		\$262,731.50	\$50,494.63	\$39,144.62	\$11,350.01	MEDICAL NECESSITY
2	000060714201			7/17/2014	7/22/2014		\$75,759.40	\$9,250.00	\$3,700.00	\$5,550.00	MEDICAL NECESSITY
3	000060077088			1/12/2014	1/15/2014		\$10,319.70	\$2,000.00	\$400.00	\$1,600.00	LEVEL OF CARE
4	000061202594			11/28/2014	11/29/2014		\$14,673.00	\$9,434.75	\$443.65	\$8,991.10	LEVEL OF CARE
5	000060508611			5/11/2014	5/20/2014		\$77,707.11	\$16,650.00	\$14,800.00	\$1,850.00	MEDICAL NECESSITY
6	000059678060			9/16/2013	9/23/2013		\$41,304.00	\$14,000.00	\$2,800.00	\$11,200.00	MEDICAL NECESSITY
7	000060045069			1/3/2014	1/5/2014		\$27,846.25	\$14,214.19	\$12,747.01	\$1,467.18	CONTRACT RATE DISPUTE
8	000056183056			11/20/2010	11/22/2010		\$26,409.89	\$16,174.42	\$12,339.68	\$3,834.74	TAKEBACK
9	000060633583			6/15/2014	6/16/2014		\$39,253.00	\$23,551.80	\$3,725.00	\$19,826.80	LEVEL OF CARE
10	000060227337			2/28/2014	3/2/2014		\$29,868.90	\$17,921.34	\$1,850.00	\$16,071.34	LEVEL OF CARE
11	000061649794			3/25/2015	3/25/2015		\$10,601.00	\$6,890.65	\$176.98	\$6,713.67	LEVEL OF CARE
12	000061309704			1/2/2015	1/2/2015		\$21,484.00	\$13,964.60	\$1,003.94	\$12,960.66	LEVEL OF CARE
13	000060697752			7/3/2014	7/7/2014		\$25,459.75	\$7,400.00	\$3,700.00	\$3,700.00	LEVEL OF CARE
14	000060067576			1/22/2014	1/24/2014		\$74,662.83	\$5,630.15	\$3,780.15	\$1,850.00	MEDICAL NECESSITY
15	000061425609			1/22/2015	1/27/2015		\$79,124.02	\$9,250.00	\$7,400.00	\$1,850.00	MEDICAL NECESSITY
16	000060130283			1/30/2014	1/31/2014		\$33,659.25	\$20,195.55	\$1,850.00	\$18,345.55	LEVEL OF CARE
17	000060431194			4/21/2014	4/23/2014		\$46,259.41	\$26,140.45	\$14,894.72	\$11,245.73	CONTRACT RATE DISPUTE
18	000061777041			4/23/2015	4/25/2015		\$19,985.00	\$6,328.18	\$0.00	\$6,328.18	MEDICAL NECESSITY
19	000060295268			3/13/2014	3/17/2014		\$60,928.00	\$7,600.00	\$3,800.00	\$3,800.00	MEDICAL NECESSITY
20	000061274619			12/8/2014	12/18/2014		\$95,814.00	\$35,592.40	\$18,500.00	\$17,092.40	LEVEL OF CARE
21	000059891903			11/17/2013	11/21/2013		\$34,877.20	\$7,400.00	\$5,550.00	\$1,850.00	MEDICAL NECESSITY
22	000061586160			3/9/2015	3/9/2015		\$19,937.50	\$13,209.37	\$859.47	\$12,349.90	LEVEL OF CARE

EXHIBIT 2

CARE 1ST HEALTH PLAN
HOSPITAL SERVICES AGREEMENT

This Hospital Services Agreement ("Agreement") is entered into between Care 1st Health Plan ("Plan"), a California corporation, and Catholic HealthCare West, Southern California, a California not for profit, public benefit corporation, dba St. Francis Medical Center ("Hospital"), to be effective from January 1, 2001.

RECITALS

- A. WHEREAS, Plan is licensed to operate a health care service plan under and subject to the requirements of the Knox-Keene Health Care Service Plan Act of 1975, as amended (the "Act"), and the rules promulgated thereunder ("DOC Regulations");
- B. WHEREAS, Plan has entered into a Service Agreement with LA Care Health Plan, the Local Initiative Health Authority for Los Angeles County ("Local Initiative" or "LA Care") to provide or arrange for certain health care services to Plan Medi-Cal Members, under LA Care's contract with the California Department of Health Services ("DHS") under and subject to the Welfare and Institutions Code, as amended;
- C. WHEREAS, Plan has also entered into (a) a contract with the Managed Risk Medical Insurance Board ("MRMIB"), under and subject to the California Insurance Code, as amended ("Insurance Code"), and the regulations promulgated thereunder ("HFP Regulations"), and (b) a Global Services Agreement with LA Care, to provide or arrange for the provision of certain health care services to Plan Healthy Families Program ("HFP") Members, directly and as a Local Initiative Partner, respectively;
- D. WHEREAS, Plan desires to enter into contracts with licensed and experienced Health Care Professionals, hospitals and other providers to provide or arrange for the provision of certain health care services to Plan Members;
- E. WHEREAS, Hospital is licensed and experienced to provide or arrange for the provision of certain hospital and other services and supplies. and
- F. WHEREAS, Plan and Hospital desire to enter into this Agreement for Hospital to provide or arrange for the provision of certain hospital and other services and supplies to Plan Medi-Cal Members and/or Plan HFP Members (collectively referred to as "Plan Members").

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually agree as follows:

I.
DEFINITIONS

The following terms shall have the following meanings for purposes of this Agreement:

- 1.1 "Active Labor" means a labor at a time at which either of the following would occur: (1) There is inadequate time to effect safe transfer to another hospital prior to delivery. (2) A transfer may pose a threat to the health and safety of the patient or the unborn child.
- 1.2 "Acts and Regulations" means the Federal and California codes and regulations that govern the services to be provided under this Agreement which are more fully described in Article VII.
- 1.3 "Ancillary Services" means those Covered Health Care Services necessary to the diagnosis and treatment of Plan Members, including, but not limited to, ambulance, ambulatory or day surgery, durable medical

- 11.3 In the event any complaint or grievance of a Plan Member cannot be settled through the such procedures, the matter may be submitted to an administrative hearing before the California Department of Social Services or other applicable administrative department or agency, or in the case of a Plan HFP Member, to arbitration. Hospital agrees to cooperate with and, when necessary, participate in any such administrative hearing or arbitration proceedings and be bound by the determinations of such administrative hearing or arbitration proceedings.

XII.
DISPUTE RESOLUTION

- 12.1 Plan and Hospital agree to meet and confer to resolve any dispute that may arise under this Agreement. Hospital may submit disputes to Plan at the address and telephone number provided in the notice section of this Agreement. Plan shall attempt to respond to all disputes within thirty (30) days of receipt, except in urgent cases in which Plan shall respond as soon as possible. If both parties agree, the dispute may be submitted to voluntary mediation or such other dispute settlement technique as the parties may mutually agree upon at such time. If any such dispute cannot be resolved, Hospital and Plan agree to submit such dispute to binding arbitration.
- 12.2 In the event arbitration between Plan and Hospital becomes necessary, such arbitration shall be initiated by either party making a written demand for arbitration on the other party. Such arbitration shall be conducted under the Commercial Rules of the American Arbitration Association using a mutually selected attorney arbitrator in Los Angeles, California.

XIII.
UNFORESEEN CIRCUMSTANCES

- 13.1 For so long as any natural disaster, war, riot, civil insurrection, epidemic or any other emergency or similar event not within the control of Hospital results in the facilities or personnel of Hospital being unavailable to provide or arrange for the provision of Covered Hospital Services, Hospital shall only be required to make a good faith effort to provide or arrange for the provision of such services, taking into account the impact of the event.
- 13.2 In the event the Covered Hospital Services that Hospital has agreed to provide are substantially interrupted pursuant to an event described above, Plan shall have the right to terminate this Agreement upon ten (10) days prior written notice to Hospital. Hospital's obligations under sections 6.5, 6.6, 6.7 and 10.4 of this Agreement shall also apply to terminations covered by this section.

XIV.
GENERAL PROVISIONS

- 14.1 Assignment. Neither party shall assign this Agreement or delegate any of its obligations hereunder without first obtaining the written consent of the other party. To the extent required by DHS, any such assignment or delegation shall be void unless prior written approval of such assignment or delegation is obtained from DHS.
- 14.2 Notices. Any notice required or permitted to be given pursuant to the terms and provisions of this Agreement shall be in writing and shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, to Plan at:

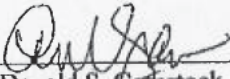
Care 1st Health Plan
1000 S. Fremont, Building A-11, Unit 22
Alhambra, CA 91803
Attn: Director of Provider Contracting

or to Hospital at:

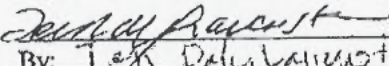
14.11 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective as of the day and year first above written.

Carc 1st Health Plan

By: 
By: Donald S. Constock Anna Tran
Title: CEO
Date: 7/31/2021

Catholic HealthCare West, dba
St. Francis Medical Center

By: 
By: John D. Weinstein
Title: Division Vice President
Date: 7/20/21

PROOF OF SERVICE

I am employed in the county of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 303 North Glenoaks Boulevard, Suite 700, Burbank, California 91502-3226. On 7 June 2016, I served the foregoing document(s) entitled:

DEMAND FOR ARBITRATION

by placing a true copy thereof enclosed in a sealed envelope addressed per the attached Service List.

☒ BY U.S. MAIL: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the United States Postal Service on that same day with postage thereon fully prepaid at Burbank, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit. [C.C.P. 1013a(3); F.R.C.P. 5(b)]

☐ BY FEDERAL EXPRESS: I caused such envelope(s), with overnight Federal Express Delivery Charges to be paid by this firm, to be deposited with the Federal Express Corporation at a regularly maintained facility on the aforementioned date. [C.C.P. 1013(c) 1013(d)]

☐ BY PERSONAL SERVICE: I caused the above-stated document(s) to be served by personally delivering a true copy thereof to the individuals identified above. [C.C.P. 1011(a); F.R.C.P. 5(b)]

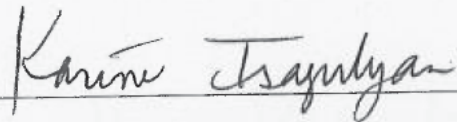
☐ BY EXPRESS MAIL: I caused such envelope(s), with postage thereon fully prepaid and addressed to the party(s) shown above, to be deposited in a facility operated by the U.S. Postal Service and regularly maintained for the receipt of Express Mail on the aforementioned date. [C.C.P. 1013(c)]

☐ BY TELECOPIER: Service was effected on all parties at approximately ____:____ am/pm by transmitting said document(s) from this firm's facsimile machine (818/559-4477) to the facsimile machine number(s) shown above. Transmission to said numbers was successful as evidenced by a Transmission Report produced by the machine indicating the documents had been transmitted completely and without error. C.R.C. 2008(e), Cal. Civ. Proc. Code § 1013(e).

1 [] BY ELECTRONIC SERVICE: By emailing true and correct copies to the
2 persons at the electronic notification address(es) shown on the
3 accompanying service list. The document(s) was/were served electronically
and the transmission was reported as complete and without error.

4 [X] State: I declare under penalty of perjury under the laws of the State of
5 California that the above is true and correct.

6 Executed on 7 June 2016 in Burbank, California.

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10 KARINE ISAGULYAN
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SERVICE LIST

Jen Mora, Case Manager
American Arbitration Association
45 E River Park Place West, Suite 308
Fresno, CA 93720

Alan Bloom, Esq.
Care1st Health Plan
601 Potrero Grande Drive
Monterey Park, CA 91755

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
600 Anton Boulevard, Suite 1400, Costa Mesa, CA 92626-7689.

A true and correct copy of the foregoing document entitled (*specify*): **Request for Judicial Notice in Support of Blue Shield of California Promise Health Plan's Motion to: (1) Dismiss Claims for Turnover, Violation of the Automatic Stay and Unjust Enrichment; and (2) Compel Arbitration and Stay Adversary Proceeding; Memorandum of Points and Authorities**

will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) October 30, 2020, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Steven J Kahn skahn@pszyjw.com
- Michael B Reynolds mreynolds@swlaw.com, kcollins@swlaw.com
- United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) October 30, 2020, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Via Federal Express:

The Honorable Ernest M. Robles
United States Bankruptcy Court
255 E. Temple Street, Suite 1560/Ctrm 1568
Los Angeles, California 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

October 30, 2020

Date

Kelley Nestuk

Printed Name

/s/ Kelley Nestuk

Signature